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# DISTRICT TRUST COMPANY

ANNUAL REPORT  
FOR YEAR ENDED  
OCTOBER 31, 1970



## Report to Shareholders

District Trust continued to prosper during the year ended October 31, 1970 although the general business climate was uncertain and the first half was disappointing.

## The Financial Statements

The Statement of Income shows that Gross Income climbed from \$868,344 to \$1,350,645, with the higher interest rate on mortgages producing the major portion.

The Profit of \$27,261, compared with last year's loss of \$11,118, represents earnings of 17 cents a share on 160,000 shares outstanding. Added to last year's balance of \$38,535, the 1970 profit brings unappropriated earnings to \$65,796.

Expenses rose from \$888,405 to \$1,340,776, mainly due to higher interest paid on deposits and borrowings.

The Balance Sheet records assets of \$17,265,000. This figure is 37% higher than the \$12,669,000 shown last year and nearly double the 1968 figure of \$8,900,000.

While deposits were only slightly higher at \$2,611,000, Guaranteed Investment Certificates increased by \$4,000,000—from \$7,724,000 to \$11,784,000.

The Mortgage and Loan portfolio rose over 50% to \$13,817,000 from \$9,071,000 in 1969.

Estates, Trusts and Agencies under administration were valued at \$2,142,496 compared with \$1,527,746 in 1969.

## State of the Company

The 1969 report to shareholders explained that rising interest on deposits temporarily reduced earnings. Higher rates must be paid immediately on deposits but the increased returns on mortgages are received over a longer period.

This situation gradually reversed during 1970.

Interest on deposits continued to rise during the first six months, peaked in mid-year and began dropping rather rapidly in the last quarter. Mortgages issued during the peak period will continue to produce higher earnings, offsetting the depressed condition reported last year.

Although the economy became hesitant under the Federal Government's anti-inflation program, the demand for mortgage money kept pace with the amount of money available for investment.

Our Real Estate Department made marked progress during the year and provided indirect benefits to the mortgage and deposit services. The London and Port Dover offices, plus realtor services in the Strathroy area, require a staff of fifteen.

The company is a member of the London and St. Thomas Real Estate Board and participates in the Multiple Listing Services for clients. The Real Estate Department should provide a significant source of revenue in the future.

The Guelph Branch, which opened in September 1969, made satisfactory progress and the current financial report includes its first year of operation.

The Real Estate Retirement Plan, which was introduced last year with excellent acceptance, has great potential and will be emphasized as an exclusive District Trust service. Participants in the fund share in the ownership, growth and development of prime Canadian Real Estate.

Late in the fiscal year, the Ontario Government amended legislation to permit provincially-chartered trust companies to provide personal loans, thereby improving our competitive position with the banks.

District Trust is studying the opportunities which personal loan services may provide for profitable operations.

## The Business Climate

Forecasts for 1970 indicated a rather unsettled economy, conservative gains in business and generally lower profits. For many companies this forecast has proven true and produced a disappointing year.

District Trust, despite these adverse conditions, was able to increase both volume and earnings.

Anti-inflation measures to slow capital investment were partially responsible for business uncertainty. However, the pending Federal Government's reform of taxation also produced a lack of confidence which did not encourage strong advances, particularly within small businesses.

Similarly, estate taxes and succession duties, which are extremely high, continue to add to the atmosphere of uncertainty because Provincial and Federal regulations provide conflicting directions. The Ontario Government is urged to accelerate its intentions to stop collecting these taxes, so that only Federal laws will apply and long-term estate planning can become clarified.

## Personnel

Thomas F. Kingsmill, Chairman of the Board since February 1967, died in March 1970 and the company lost one of its most astute advisors. Mr. Kingsmill was a founder of District Trust, an original director, and maintained a keen and continued interest in company progress.

Director Raymond J. Hare of Waterloo was appointed to fill the vacancy on the Executive Committee.

The increase in business made heavier demands upon the Board of Directors, which met twelve times during the year. In addition, the Executive Committee held twenty meetings. Shareholders will appreciate that their directors have served to date without any remuneration for time and counsel.

Appreciation is also due all members of the staff who carried out their responsibilities with diligence and enthusiasm and made a significant contribution to corporate success.

## The Outlook for 1971

Although fiscal 1971 is expected to provide plenty of opportunities for progress, it is not expected to provide the economic atmosphere which encourages major expansion. Therefore the company plans to concentrate on improving its position in current services and markets rather than to seek new sources of revenue.

District Trust has been built on sound business practices and high customer confidence, which have produced steady but not spectacular growth. The soundness of this business planning was proven during several uncertain and difficult economic periods last year. It will continue to be our management philosophy in 1971.

The officers whom you elected to direct your company's business are sure that progress will continue, and thank all shareholders for their confidence, interest and support.

Respectfully submitted

Bentley I. Baldwin,  
President.

Kenneth L. Cunningham,  
General Manager and Secretary



## PRESIDENT'S REPORT

The financial statements for the half-year ended April 30, 1970 show that deposits and mortgages were approximately 50% higher than a year ago.

However, the profits which should have been realized from this remarkable increase in business, were reduced by the unprecedented spiral in interest rates which occurred between the two comparative periods. District Trust must pay the higher interest on deposits immediately the increases become effective, but must wait until money can be re-invested at the current, higher income before comparable earnings can be achieved. This cost/income imbalance gradually will adjust if there are no further increases in interest levels.

During this second quarter of fiscal 1970, the economy slowed considerably. The effect on the inflationary tendencies was not evident at the time of this report, but the market value of District Trust's stock portfolio was below cost for the first time in this company's history.

Included in the revenue is \$17,000 derived from the sale of stock from this portfolio. The addition of the Guelph Branch and the expansion of head office accounted almost entirely for higher administrative expenses. The increase in depreciation is caused by the property purchased as a site for the future head office.

Although this interim report shows a decline in net income, which is a reflection of economic conditions of the moment, your Company is progressing steadily and soundly toward greater potential for profit and further expansion. I urge all shareholders to participate in this future by promoting District Trust whenever and wherever the opportunities appear.

In closing, I regret to have to report that Mr. Thomas F. Kingsmill died at the end of March and this company lost one of its most astute advisors. Mr. Kingsmill was a member of a very respected family in London, was one of the founders of District Trust, and had been Chairman of the Board since February, 1967.

Bentley I. Baldwin,  
President,  
May 25, 1970.

## SERVICES OFFERED BY DISTRICT TRUST COMPANY

**Chequing Accounts** — No service charges on cheques and 200 free personalized cheques.

**Deposit Accounts** —  $6\frac{3}{4}\%$  interest on minimum monthly balance compounded half-yearly.

**Prepaid Deposit by Mail.**

**Guaranteed Investment Certificates.**

**Registered Retirement Savings Plans** for Individuals.

**Trustee** — Corporate and personal.

**Estate Planning.**

**Executor and Administrator Services.**

**Safety Deposit Boxes.**

**Investment Management.**

**First Mortgage Loans** — Residential, Commercial, Industrial.

**Real Estate Appraisals and Property Management.**

**Real Estate Sales** — Residential, Commercial, Multi-Family.

**Personal Loans** — through arrangements with the Mercantile Bank of Canada.

**Community Services** — Free movies, tickets and name tags.

## OFFICES TO SERVE YOU

### Head Office —

484 Richmond St., London, 672-0610.

Hours: 9 a.m. to 5 p.m. Monday to Friday.

### Covent Market Branch,

Market Building, London, 434-6024

Hours: 9 a.m. to 4:30 p.m. Monday to Thursday.

9 a.m. to 6 p.m. Friday.

9 a.m. to 1 p.m. Saturday.

### Strathroy Branch,

26 Front Street, Strathroy, 245-1090.

Hours: 9 a.m. to 4:30 p.m. Monday to Thursday.

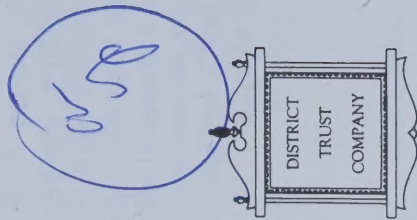
9 a.m. to 6 p.m. Friday.

### Guelph Branch,

Wellington and Gordon St., 821-2160.

Hours: 9 a.m. to 5 p.m. Monday to Thursday

9 a.m. to 6 p.m. Friday.



Report for the Half Year  
ended April 30, 1970



# DISTRICT TRUST COMPANY BALANCE SHEET

## APRIL 30, 1970

### ASSETS

|  | APRIL 30<br>1970     | APRIL 30<br>1969     |
|--|----------------------|----------------------|
| CASH, and term deposit receipts                      | \$ 1,375,424.        | \$ 1,174,997.        |
| BONDS (Note 1)                                       | 1,445,500.           | 1,440,978.           |
| STOCKS (Note 2)                                      | 434,173.             | 273,502.             |
| LOANS, secured                                       | 98,728               | 89,507.              |
| MORTGAGES, less reserves                             | 11,366,750.          | 7,563,980.           |
| REAL ESTATE HELD FOR SALE                            | —                    | 10,210.              |
| INCOME PROPERTY (less deprec.)                       | 570,332.             | 589,375.             |
| OFFICE PREMISES AND EQUIPMENT<br>(less depreciation) | 80,468.              | 64,076.              |
| LEASEHOLD IMPROVEMENTS                               | 33,015.              | —                    |
| OTHER ASSETS   | 18,609.              | 15,822.              |
|  | <u>\$15,423,000.</u> | <u>\$11,222,446.</u> |

### LIABILITIES

| GUARANTEED TRUST ACCOUNT |               |
|--------------------------|---------------|
| Deposits                 | \$ 2,879,784. |
| Investment certificates  | \$ 2,050,572. |
|                          | 9,967,920.    |
|                          | 6,634,260.    |

|   |            |            |
|---|------------|------------|
| BANK LOAN                                   | 250,000.   | 225,000.   |
| ACCOUNTS PAYABLE AND<br>ACCRUED LIABILITIES | 131,002.   | 92,718.    |
| MORTGAGE PAYABLE                            | 353,268.   | 362,198.   |
| SHAREHOLDERS' EQUITY                        |            |            |
| Capital stock, issued 160,000 shares        | 1,600,000. | 1,600,000. |
| Contributed surplus                         | 182,069.   | 182,069.   |

|                   |                      |                      |
|-------------------|----------------------|----------------------|
| General Reserve   | 1,782,069.           | 1,782,069.           |
| Retained earnings | 15,000.              | 15,000.              |
|                   | 43,957.              | 60,629.              |
|                   | <u>1,841,026.</u>    | <u>1,857,698.</u>    |
|                   | <u>\$15,423,000.</u> | <u>\$11,222,446.</u> |

# STATEMENT OF INCOME AND

## RETAINED EARNINGS FOR THE SIX MONTH PERIOD

### NOVEMBER 1, 1969 to APRIL 30, 1970

(with comparison figures for previous period)

|   | 6 Months<br>ending<br>April 30/70 | 6 Months<br>ending<br>April 30/69 |
|---|-----------------------------------|-----------------------------------|
| REVENUE                                     | \$633,179.                        | \$387,281.                        |
| Interest expense                            | (401,220.)                        | (238,310.)                        |
| Administration expense                      | (213,679.)                        | (130,264.)                        |
| OPERATING INCOME                            | 18,280.                           | 18,707.                           |
| Depreciation                                | (12,858.)                         | (7,731.)                          |
| NET INCOME                                  | <u>5,422.</u>                     | <u>10,976.</u>                    |
| Retained earnings at<br>beginning of period | 38,535.                           | 49,654.                           |

|                   |            |           |
|-------------------|------------|-----------|
| RETAINED EARNINGS |            |           |
| at end of period  | \$ 43,957. | \$ 60,630 |

### NOTATIONS

1. Bonds are stated at not in excess of amortized cost. Market value amounted in the aggregate to \$1,100,981.
2. Stocks are carried at cost. Market Value at April 30, 1970, was \$369,725.
3. Please note that these results are unaudited.

# DISTRICT TRUST COMPANY

## STATEMENT OF INCOME

YEAR ENDED OCTOBER 31, 1970  
(with comparative figures for 1969)

|   | <u>1970</u>      | <u>1969</u>        |
|---|------------------|--------------------|
| Income  |                  |                    |
| Interest from mortgages                                     | \$ 1,044,634     | \$ 628,512         |
| Interest from bonds, loans<br>and short term deposits       | 155,063          | 141,250            |
| Dividends   | 16,420           | 9,157              |
| Fees and commissions  | 60,716           | 33,056             |
| Rentals   | 69,460           | 49,567             |
| Other operating income                                      | 4,352            | 6,802              |
|   | <u>1,350,645</u> | <u>868,344</u>     |
| Expense   |                  |                    |
| Interest on deposits and borrowings                         | 909,964          | 547,438            |
| Salaries and staff benefits                                 | 179,670          | 144,916            |
| Depreciation and amortization                               | 28,473           | 29,339             |
| Other operating expenses                                    | 222,669          | 166,712            |
|   | <u>1,340,776</u> | <u>888,405</u>     |
| Income (loss) before gains on securities and<br>real estate | 9,869            | (20,061)           |
| Gains on securities and real estate                         | 17,392           | 8,943              |
| NET INCOME (LOSS) FOR THE YEAR (note 4)                     | <u>\$ 27,261</u> | <u>\$ (11,118)</u> |
| EARNINGS PER SHARE  |                  |                    |
| Income (loss) before gains on securities<br>and real estate | \$ .06           | \$ (.13)           |
| Gains on securities and real estate                         | .11              | .06                |
| Net income (loss) for the year                              | <u>\$ .17</u>    | <u>\$ (.07)</u>    |

## STATEMENT OF UNAPPROPRIATED EARNINGS

YEAR ENDED OCTOBER 31, 1970  
(with comparative figures for 1969)

|                                | <u>1970</u>      | <u>1969</u>      |
|--------------------------------|------------------|------------------|
| Balance at beginning of year   | \$ 38,535        | \$ 49,653        |
| Net income (loss) for the year | 27,261           | (11,118)         |
| BALANCE AT END OF YEAR         | <u>\$ 65,796</u> | <u>\$ 38,535</u> |



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## ASSETS

|  | <u>1970</u>         | <u>1969</u>         |
|--|---------------------|---------------------|
| Cash, including short term deposits of \$605,126<br>(\$802,476 in 1969)  | <u>\$ 841,903</u>   | <u>\$ 968,637</u>   |
| INVESTMENT SECURITIES, at cost (note 1)  |                     |                     |
| Bonds  |                     |                     |
| Government of Canada   | 545,164             | 544,679             |
| Provinces of Canada  | 499,856             | 499,856             |
| Municipal  | 129,884             | 125,851             |
| Other  | 279,496             | 269,074             |
| Stocks   | <u>466,858</u>      | <u>492,307</u>      |
|  | <u>1,921,258</u>    | <u>1,931,767</u>    |
| LOANS AND ADVANCES   |                     |                     |
| Advances to estates, trusts and agencies   | 17,967              | —                   |
| Loans on securities  | 136,890             | 82,216              |
| Mortgages, less reserve of \$23,000  | <u>13,661,960</u>   | <u>8,988,726</u>    |
|  | <u>13,816,817</u>   | <u>9,070,942</u>    |
| RENTAL PROPERTIES, at cost less accumulated<br>depreciation of \$25,216 (1969, \$12,922)   | 564,550             | 576,470             |
| PREMISES, OFFICE EQUIPMENT AND<br>FURNISHINGS, at cost less accumulated<br>depreciation and amortization of \$70,871<br>(1969, \$54,921) | 110,952             | 110,934             |
| OTHER ASSETS   | <u>9,518</u>        | <u>9,906</u>        |
|  | <u>\$17,264,998</u> | <u>\$12,668,656</u> |

## ESTATES, TRUSTS AND AGENCIES

Securities, cash and other assets at  
company valuation 1970, \$2,142,496;  
1969, \$1,527,746.

**ST COMPANY**

(e laws of Ontario)

**SHEET**

1, 1970

(at October 31, 1969)

**LIABILITIES**

|  | <u>1970</u>       | <u>1969</u>       |
|--|-------------------|-------------------|
| <b>DEPOSITS AND BORROWINGS</b>   |                   |                   |
| Deposits   | \$ 2,611,072      | \$ 2,263,180      |
| Short term certificates  | 537,167           | 381,035           |
| Guaranteed investment certificates   | <u>11,784,217</u> | <u>7,724,217</u>  |
|  | <u>14,932,456</u> | <u>10,368,432</u> |
| <b>OTHER LIABILITIES</b>   |                   |                   |
| Accounts payable and accrued liabilities   | 117,316           | 105,740           |
| 9% Mortgage payable, maturing March 3,<br>1974 (principal due within one year<br>\$7,100; 1969, \$6,500) | <u>352,361</u>    | <u>358,880</u>    |
|  | <u>469,677</u>    | <u>464,620</u>    |

**SHAREHOLDERS' EQUITY**

|  |                     |                     |
|--|---------------------|---------------------|
| <b>CAPITAL STOCK (note 3)</b>            |                     |                     |
| Authorized — 500,000 shares of \$10 each |                     |                     |
| Issued — 160,000 shares                  | 1,600,000           | 1,600,000           |
| <b>CONTRIBUTED SURPLUS</b>               | <u>182,069</u>      | <u>182,069</u>      |
|  | 1,782,069           | 1,782,069           |
| <b>GENERAL RESERVE</b>                   | 15,000              | 15,000              |
| <b>UNAPPROPRIATED EARNINGS</b>           | <u>65,796</u>       | <u>38,535</u>       |
|  | <u>1,862,865</u>    | <u>1,835,604</u>    |
|  | <u>\$17,264,998</u> | <u>\$12,668,656</u> |

Approved by the Board:

Director, B. I. Baldwin

Director, K. L. Cunningham



## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED OCTOBER 31, 1970

### 1. INVESTMENT SECURITIES

|                        |                    |                    |
|------------------------|--------------------|--------------------|
| The market values are: | <b>1970</b>        | <b>1969</b>        |
| Bonds                  |                    |                    |
| Government of Canada   | \$ 460,359         | \$ 442,413         |
| Provinces of Canada    | 374,343            | 376,756            |
| Municipal              | 100,704            | 95,386             |
| Other                  | 218,141            | 207,575            |
| Stocks                 | 405,125            | 462,988            |
|                        | <u>\$1,558,672</u> | <u>\$1,585,118</u> |

### 2. DEPRECIATION AND AMORTIZATION

Depreciation on rental properties, premises, office equipment and furnishings is computed on the diminishing balance method using the following rates:

|                           |     |
|---------------------------|-----|
| Buildings                 | 5%  |
| Equipment and furnishings | 20% |

Amortization of leasehold improvements is computed on the straight-line method over the terms of the leases.

### 3. EMPLOYEE STOCK OPTIONS

The company has set aside 10,000 shares of capital stock for the granting of options to employees. During the year 8,000 share options, exercisable at a price of \$12.50 per share to December 31, 1976, were granted to employees. None of the options have been exercised to October 31, 1970.

### 4. INCOME TAXES

No provision for income taxes is required due to the non-taxable nature of the gains on securities and the dividends from taxable Canadian companies.

## AUDITORS' REPORT

To the Shareholders of  
District Trust Company

We have examined the balance sheet of District Trust Company as at October 31, 1970 and the statements of income and unappropriated earnings for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at October 31, 1970 and the results of its operations for the year then ended on a basis consistent with that of the preceding year.

Thorne, Gunn, Helliwell & Christenson  
Chartered Accountants

London, Ontario  
November 19, 1970

## DIRECTORS

- William J. Amos, Parkhill
- \*\* Bentley I. Baldwin, London
- \*\* William C. P. Baldwin, London
- \*\* Kenneth L. Cunningham, London
- \*\* Norman G. Burdick, London
- Stuart H. Carver, London
- William J. Gorman, London
- Lyle H. Gray, Ridgetown
- \*\* Frederick M. Halls, London
- Raymond J. Hare, Waterloo  
(appointed to Executive Committee  
in April, 1970)
- \*\* Howard L. Hayman, London
- Arthur M. Hueston, Aylmer
- John A. Irvine, London
- \*\* Frederick O. Kime, London
- \*\* Thomas F. Kingsmill, London  
(Died March, 1970)
- James G. Lind, London
- William J. McDougall, London
- \*\* John A. McNee, London
- George T. Moore, Arva
- Stanley A. Mortin, St. Thomas
- John B. Nash, London
- Ewart W. Ostrander, Tillsonburg
- Edward E. Reilly, London
- Chester H. Smith, St. Thomas
- Joseph Wolfond, Guelph
- J. Clark Wright, Strathroy
- L. W. Zehr, Kitchener
- \*\* Members of the Executive Committee

## AUDITORS

Thorne, Gunn, Helliwell and Christenson

Note: Since the end of the fiscal year, Mr. Douglas J. Petch has been appointed Manager of the Guelph Branch and Mr. Robert C. Allen has been appointed Trust Officer at Head Office in London.



## OFFICERS



Bentley I. Baldwin  
*President*



William C. P. Baldwin  
*Vice-President*



Frederick M. Halls  
*Vice-President*



K. L. Cunningham  
*General Manager and  
Secretary*

## MANAGERS



Peter Wilson  
*Manager  
Mortgage Department*



J. Michael Whatmore  
*Manager  
Real Estate Department*



Douglas J. Petch  
*Treasurer  
Manager  
Head Office Branch*



D. G. Hayman  
*Manager  
Market Branch*



W. Foster Thompson  
*Manager  
Strathroy Branch*



Robert C. Allen  
*Manager  
Guelph Branch*





## DISTRICT TRUST CUSTOMER SERVICES

District Trust provides a wide range of financial and estate-planning services for individuals, families and businesses.

### CHEQUING ACCOUNTS

No limit to the number of cheques processed free-of-charge. New accounts receive 200 personalized cheques.

### DEPOSIT ACCOUNTS

Savings earn the highest rate of interest, calculated monthly on the minimum monthly balance. Withdrawals may be made in person or by arrangement at any time.

### DEPOSIT BY MAIL

Deposits may be mailed in to either type of account using convenient mail-deposit forms.

### GUARANTEED INVESTMENT CERTIFICATES

Money earns the highest possible interest and is guaranteed for the life of the certificate.

### RETIREMENT SAVINGS PLAN

Savings designated for retirement income earn a high rate of interest annually and reduce current income tax payments. Contributions may be made progressively up to 60 days after the end of the year and still reduce Income Tax for the previous year.

### ESTATE PLANNING

A valuable service to customers is District Trust's free confidential advice on personal financial matters, particularly regarding new succession duties and the arrangement of estates for maximum future benefits.

### EXECUTORS AND TRUSTEES

The appointment of District Trust as executor or trustee of personal estate matters assures sound and dependable administration with maximum benefits to the family.

### SAFETY DEPOSIT BOXES

Vault facilities and safety deposit boxes assure the safety of valuables for pennies a day.

### INVESTMENT MANAGEMENT

Because District Trust combines the experience of many financial experts, it provides rapid and knowledgeable management of personal investments.

### MORTGAGES

District Trust provides residential, commercial and industrial mortgages for construction, purchase or expansion.

### REAL ESTATE SERVICES

The real estate department purchases or sells any type of residential, commercial or industrial property.

These fine services are available at all Western Ontario Branches of District Trust:

#### Head Office Branch

484 Richmond Street  
London 12  
Telephone 672-0610

#### Market Branch

15 Covent Market Place  
London 12  
Telephone 434-6024

#### Strathroy Branch

26 Front Street  
Strathroy  
Telephone 245-1090

#### Guelph Branch

Wellington and Gordon Sts.  
Guelph  
Telephone 821-2160